



September 16, 2011

EX PARTE

Ms. Marlene Dortch
Secretary
Federal Communications Commission
445 12th Street S.W.
Washington, D.C. 20554

Re: WC Docket No. 11-42, Lifeline and Link Up Reform and Modernization; CC Docket No. 96-45, Federal-State Joint Board on Universal Service; WC Docket No. 03-109, Lifeline and Link Up

Dear Ms. Dortch:

On September 15, 2011, Dale Schmick, Chairman of the Board of COMPTTEL and Chief Strategy Officer of YourTel America, Inc. and the undersigned met with Commissioner Clyburn and Angela Kronenberg regarding the above-captioned Lifeline/Link Up reform proceedings. We relayed the position of COMPTTEL and its members that preserving the availability of competitive choice in Lifeline providers will deter waste, fraud and abuse in the distribution of Lifeline/Link Up funds and will promote the Commission's goal of advancing the availability of voice service for low income consumers.

COMPTTEL highlighted several issues of particular concern to its members, including the necessity of developing a national database to verify customer eligibility for Lifeline/Link Up assistance and to identify and eventually eliminate duplicate claims for Lifeline service by a single consumer. We also stressed the importance of the Commission maintaining Link Up reimbursement for service activation fees charged by both wireline and wireless carriers. COMPTTEL's comments were consistent with the written submissions it made in these dockets on April 21, May 10, August 26, 2011.

Specifically, COMPTTEL rebutted the unsupported allegations that certain commenters have made that Link Up subsidies are only intended to cover the costs of "truck rolls" for the physical installation of equipment or facilities at a customer's premises. When the Joint Board

on Universal Service recommended to the Commission almost 25 years ago that it create the Link Up program, the program was to offset the high costs of signing up for telephone service and was not limited to truck rolls. On the contrary, the Joint Board stated that

Under this program, federal funds could be used to offset state-tariffed charges incurred in connecting a subscriber to the network. *In most cases, such charges cover the administrative costs of opening an account and turning the switch at the central office.*

In the Matter of MTS and WATS Market Structure, Recommended Decision and Order, 2 FCC Rcd 2324 at ¶¶68, 69, and nn. 112 and 115 (1987) (emphasis added). And when the Commission adopted the Joint Board's recommendation to establish the Link Up program, it did not disturb or modify the Joint Board's determination that the program would reimburse carriers for the non-recurring administrative costs of opening a customer account and adding the customer to the network. *In the Matter of MTS and WATS Market Structure*, Report and Order, 2 FCC Rcd 2953 at ¶35 (1987). No mention was made either in the Joint Board's Recommendation or in the Commission's Report and Order adopting the recommendation that Link Up reimbursements were to be limited to covering the costs of a truck roll or the physical installation of facilities.

All carriers incur administrative costs to open new customer accounts and non-recurring service activation charges are standard in both the wireline¹ and the wireless² industries. If the Commission were to eliminate or reduce Link Up reimbursements for service activation fees, low income consumers would be forced to bear 100 percent of those non-reimbursed charges and may well be priced out of the market. Prior to taking such action, the Commission must develop a factual record that would show that unreimbursed non-recurring charges would not continue to serve as a barrier to subscribership for low income consumers. It could not make such a finding based on

¹ See e.g., FCC Industry Analysis and Technology Division, Wireline Competition Bureau, Reference Book of Rates, Prices, Indices, and Household Expenditures for Telephone Service (2008) at page I-2, and Table 1.1, 1.2 and 1.3 (showing nationwide average non-recurring charge for residential lines and the additional charge assessed if new installation is required).

² For example, AT&T Mobility's one time service activation fee is \$36 per line, see http://www.wireless.att.com/cell-phone-service/cell-phone-plan-details/?q_sku-sku3830290&q_planCategory=cat1370011; Verizon Wireless's service activation charge is \$25 per line for prepaid wireless, <http://www.verizonwireless.com/b2c/splash/prepay.jsp>; and \$35 per line for month to month and contract plans see <http://www.verizonwireless.com/b2c/store/controller?item=familyShare&action=viewFSPlanList&typeId=2&catId=323&sel=fam>; T-Mobile charges a \$35 per line service activation fee, <http://www.t-mobile.com/shop/plans/cell-phone-plans-detail.aspx?tp=tbl&rateplan=classicUldt-talk-Uldt-text-Uldt-data-5GB>.

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the current record that has been developed in this proceeding. To the extent the Commission determines that any particular carrier is improperly receiving Link Up reimbursement, it should pursue an enforcement action against that carrier. The Commission should not, however, create another financial barrier to telephone subscription at a time when nearly one in six Americans is living in poverty based on unsupported allegations.

If you have any questions or need additional information, kindly contact the undersigned.

Respectfully submitted,

/s/

Mary C. Albert

cc: Commissioner Clyburn
Angela Kronenberg